

2.21 SITE WELD – ENGINEERING MACHINERY

PGF Application		For: Approval	
Applicant:	Site Weld Industries Limited	Pipedrive ID #	Commercial
Entity Type:	Company	PGF Funding Sought:	\$350,000
Region	Otago	Total Project Value:	Commercial Inform
Tier:	2 - Sectors	Co-contribution:	Commercial Inform \$ (Comm %)
Sector:	Southland and Otago Regional Engineering Collective	Funding Structure:	Grant

We recommend that SROs:

- a) **Approve** up to \$350,000 from the PGF fund towards the purchase of three specific pieces of engineering equipment to build the capability and capacity of Southland and Otago manufacturing and engineering firms, subject to:
- The applicant maintaining alignment to the Southland and Otago Regional Engineering Collective (SOREC) objectives evidenced by the continued reporting to the Ministry on its outcomes.
- b) **Note** this project strongly aligns with PGF and Southland and Otago Regional Engineering Collective objectives.
- c) **Note** this funding request is part of the agreed PGF allocation for the Southland and Otago Regional Engineering Collective.

Proposal:

The applicant 'Site Weld NZ Ltd' is based in Dunedin and delivers a wide range of fabrication, repair and maintenance services to the mining, industrial, heavy transport, marine and forestry sectors and are regularly involved in Health and Safety solutions.

The applicant seeks financial support for three pieces of equipment to help bring more of the process in establishing its equipment in-house. The three pieces of equipment the applicant requires include:

Equipment	Total cost
Mobile Line Borer Rig	\$ Commercial Informa
Kinetic Profile Cutter (with Rotary Head)	\$ Commercial Inform
Lathe	\$ Commercial Inf
Total	\$ Commercial Informa (and the PDU recommends funding Comm % at \$350,000)

PGF funding will enable the applicant to increase its productivity and meet the customer demands mainly in the mining and marine sectors, in a timelier manner. Detail of the equipment and the benefits to the company are as follows:

1. Mobile Line Borer Rig

Climax BB5000 Hydraulic Line Borer with a BW3000 Bore Tech Welder.

This Line Borer will give the applicant the ability to rebuild mining machinery. This piece of equipment complements the applicant's existing Mining and Marine business.

2. Kinetic Profile Cutter with Rotary Head

Kinetic K3000 with Rotary Head

The profile cutter will allow the applicant to cut material in-house quicker than its existing machine which in turn increases the resulting output flowing to staff, resulting in the need to employ more staff to keep up.

3. Lathe

Luxcut Z660 Lathe

This Lathe gives the applicant the ability to employ 2 more machinists as they are already maxed out with the 2 older machines that they have.

(Please note that this coversheet should be read alongside the SOREC cover briefing and the other 7 related SOREC projects).

Assessment against the PGF criteria:

Eligibility Criteria

This application is eligible for PGF funding.

Productivity Potential

Given the varied nature of the applicant's clientele, the work directly supports the growth of the mining, industrial, heavy transport, marine and forestry sectors across Otago and Southland. The equipment being sought through this application will therefore not only contribute to the growth of the applicant, but the Otago engineering sector as a whole as well - as all those industries the applicant support, service and maintain.

Policy objectives and regional priorities

The Engineering and Manufacturing sector has been identified by the Ministers as a key sector for PGF investment. Linked to this is the identification that Otago and Southland are two regions which possess a high number of firms in this sector.

Through previous funding provided by the PGF, an analysis was undertaken by ^{Commercial Inform} to identify the pain points currently being faced by engineering and manufacturing firms in Otago and Southland. From this, a document outlining the steps to addressing the perceived issues was developed titled the 'Southland and Otago Regional Engineering Collective'. The applicant was approached as part of the analysis, and now has the opportunity with the support of the PGF to address its current challenges, specifically around its ability to meet demand, and provide good employment options for low-skilled employees and apprentices.

PGF Criteria	Assessment Commentary	Rating (0✓ to 5✓)
Link with fund and government outcomes		
Creates permanent jobs	<ul style="list-style-type: none"> The applicant currently employs ^{Comm} staff. PGF support will enable the applicant to hire ^{Commercial Infor} permanent staff, as well as ^{Com} contractors required to install and commission the new equipment. 	✓✓✓✓
Delivers benefit to the community	<ul style="list-style-type: none"> Indirectly, the creation of ^{Com} new, sustainable roles will have flow on effects to the local economy. 	✓✓✓✓
Increased utilisation and returns of Maori asset base	<ul style="list-style-type: none"> Not evident 	
Enhanced sustainability of natural assets	<ul style="list-style-type: none"> Not evident 	
Mitigation of climate change effects	<ul style="list-style-type: none"> Not evident 	
Additionality		
Adding value by building on what is already there	<ul style="list-style-type: none"> Engineering and Manufacturing is a strong sector in Dunedin which has been constrained due to the inability for companies to meet the demands through the lack of efficient equipment. 	✓✓✓
Acts as a catalyst for productivity potential in the region	<ul style="list-style-type: none"> With the purchase of the new equipment, the applicant will be able to increase productivity as it will have the equipment it needs to accelerate the production and output required to meet the demands of our customers. 	✓✓✓✓
Connected to regional stakeholders and frameworks		
Alignment with regional priorities	<ul style="list-style-type: none"> While not yet public, the applicant's project aligns well to the objectives of the ORED Framework, specifically the objective to increase productivity of the region. 	✓✓
Support from local governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> The Dunedin City Council is aware of the application to the PGF. The Dunedin City Council is heavily involved in Engineering Dunedin Inc. 	✓✓✓
Governance, risk management and project execution		
Robust project management and governance systems	<ul style="list-style-type: none"> The applicant has two sole Directors who will oversee the installation of the equipment and procurement of the relevant staff to join the company. 	✓✓✓✓
Risk management approach	<ul style="list-style-type: none"> Risks are identified with mitigations. 	✓✓✓
Future ownership /	<ul style="list-style-type: none"> Existing arrangements. 	

operational management			
Analysis of the benefits and costs			
The key benefit of this project is the number of jobs created for the PGF investment being sought. In addition, the jobs being created provide a good platform for a person coming into the company with a low-skill base, being able to progress through the company to a high-skilled role on a variety of automated equipment.			
Financial Analysis			
Yes – 5 year financial and performance statements between 2015 and 2019 have been provided.			
Funding Arrangements			
A grant of \$350,000.			
Due Diligence and Ownership			
Commercial Information			
Risk Assessment			
The key risks to the PDU and proposed mitigations of this investment are as follows:			
Type of risk	Risk description	Mitigations	Risk Rating L/M/H
Duplication	Commercial Information	While still in its infancy, SOREC will aim to undertake a cataloguing of equipment across the engineering firms that are part of SOREC to ensure that duplication of equipment is minimised.	Medium
Resource	The ability for the company to find employees to fill the roles may delay the productivity potential of the applicant.	While still in its infancy, SOREC will aim to work with engineering firms to understand the current employee shortages, and then work with tertiary educators, employment agencies, and social development agencies to fill the employment gaps.	Medium
Consultation undertaken or implications:			
MFAT has been consulted on any subsidies that could be provided through a grant to the applicant. This project was considered low risk.			
Commercial Information			
Supporting proposal:		Yes	
Appendices:		Yes – application has been provided	
Author of paper:		HW, Investment Team	